



AGENDA MEMO
9/4/2018 Agenda

TO: Honorable Mayor and City Council

FROM: Thomas W. Tvardzik, Finance Director

SUBJECT: First Public Hearing - FY2019 Budget

BACKGROUND:

The Texas Local Government Code (Section 102) requires that a budget hearing be held no sooner than 15 days after the budget is filed with the municipal clerk. Using August 10th as the original filing date, a hearing commencing on September 4, meets this requirement.

It should be noted that subsequent to the filing of the original (draft) budget, a number of corrections and estimates were changed as a result of the review process. These changes were completed on August 24, 2018. The net result of these changes increased both income and expenses by an additional \$186,202. However, based on increased revenue estimates for both interest (\$100,000) and ambulance billing (\$100,000), revenue from property taxes decreased by \$13,798, from \$999,995 to \$986,197.

The University Park City Council traditionally holds the budget hearing over two consecutive City Council meetings. Therefore, it would be appropriate to announce to the public the hearing will be continued until the September 18th City Council meeting. At the close of the second hearing, both the budget and the applicable property tax rate are scheduled for adoption.

Proposed budget

The proposed FY2019 budget of \$53,099,375 (all budgeted funds) is 4.3% higher than the adopted FY2018 budget of \$50,893,909.

Highlights of the proposed budget include:

- A 6.7% increase (year-over-year) in the City's certified property tax base.
- A calculated property tax rate of 24.5379 cents per \$100 of taxable value (a decrease of .3382, or 1.4%, from FY2018).
- A 5.2% increase (\$986,197) in property tax revenue from FY2018.
- A balanced General Fund budget.

- No increase in water rates.
- No increase in sewer rates.
- No increase in sanitation rates.
- No increase to storm water rates.
- A 5% increase in “pay-as-you-go” capital project funding, to \$6.5 million.
- A 5% increase in equipment reimbursement rates.
- Addition of a 911/311 Dispatcher in Public Safety.
- The first round of a three year phase-in of personnel to staff the “in-house” MPY effort.
- A compensation adjustment of 1% for all City personnel, with additional position-specific adjustments within Public Safety.
- Increases in TMRS, FRRF and health-care funding.

Should City Council decide to adopt a tax rate of 24.8761 cents per hundred tax rate (as recommended by the Finance Advisory Committee) rather than the calculated rate of 24.5379, the additional property tax revenue resulting from the higher rate (\$273,442) will be earmarked for transfer to the Capital Projects Fund.

RECOMMENDATION:

Open the public hearing and invite comments on the proposed budget.

Continue the hearing until the next City Council meeting on September 18, 2018.

ATTACHMENTS:

- Budget Cover Page
- Budget Memo – prepared by City Manager to serve as a budget overview.
- Proposed Budget by Fund and Department - serves as a high-level budget summary.
- Property Tax Impact –illustrates the process used to calculate the property tax rate and the effect that rate will have on a typical single-family within the City.
- Budget Report Detail